

UNITED STATES DEPARTMENT OF COMMERCE
BUREAU OF INDUSTRY AND SECURITY
WASHINGTON, D.C. 20230

In the Matter of:

Hassan Zafari
a/k/a Sam Zafari
441 Apple Hill Dr.
Brentwood, CA 94513

Respondent

ORDER RELATING TO
HASSAN ZAFARI

The Bureau of Industry and Security, U.S. Department of Commerce (“BIS”), has notified Hassan Zafari, a/k/a Sam Zafari, of Brentwood, California (“Zafari”), of its intention to initiate an administrative proceeding against Zafari pursuant to Section 766.3 of the Export Administration Regulations (the “Regulations”),¹ and Section 13(c) of the Export Administration Act of 1979, as amended (the “Act”),² through the issuance of a Proposed Charging Letter to Zafari that alleges that Zafari committed one violations of the Regulations. Specifically, the charge is:

¹ The Regulations are currently codified in the Code of Federal Regulations at 15 C.F.R. Parts 730-774 (2017). The charged violation occurred in 2014. The Regulations governing the violation at issue are found in the 2014 version of the Code of Federal Regulations (15 C.F.R. Parts 730-774). The 2017 Regulations set forth the procedures that apply to this matter.

² 50 U.S.C. §§ 4601-4623 (Supp. III 2015). Since August 21, 2001, the Act has been in lapse and the President, through Executive Order 13,222 of August 17, 2001 (3 C.F.R., 2001 Comp. 783 (2002)), which has been extended by successive Presidential Notices, the most recent being that of August 4, 2016 (81 Fed. Reg. 52,587 (Aug. 8, 2016)), has continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C. § 1701, et seq.) (2012).

Charge 1 15 C.F.R. § 764.2(b) – Causing, Aiding, or Abetting an Unauthorized Export to Iran

In or about September and October 2014, Hassan Zafari, a.k.a. Sam Zafari (“Zafari”), caused, aided, or abetted a violation of the Regulations. Specifically, Zafari caused, aided or abetted the export from the United States to Iran, via the United Arab Emirates (“UAE”), of a used industrial laser system subject to the Regulations and valued at approximately \$12,000, without the required U.S. Government authorization.

The laser system is subject to the Regulations and is designated EAR99.³ It also is subject to the Iranian Transactions and Sanctions Regulations (“ITSR”),⁴ which are administered by the U.S. Department of the Treasury’s Office of Foreign Assets Control (“OFAC”). Pursuant to Section 746.7 of the Regulations, no person may export or reexport an EAR99 item that also is subject to the ITSR without prior authorization from OFAC. *See* 15 C.F.R. § 746.7(e) (2014). Without such prior authorization, Section 560.204 of the ITSR prohibits the exportation, reexportation, sale or supply, directly or indirectly, from the United States of any goods to Iran, including the exportation, reexportation, sale or supply of items from the United States to a third country undertaken with knowledge or reason to know that the items were intended for supply, transshipment, or reexportation, directly or indirectly, to Iran. *See* 31 C.F.R. § 560.204 (2014). No authorization was sought or obtained from OFAC for the export in this transaction.

Zafari was aware at all times pertinent hereto, as he admitted to BIS special agents during an interview on or about November 23, 2015, that U.S. law prohibited exports to Iran and that items could not ship through third countries to a final destination that was an embargoed destination. Nonetheless, Zafari took several actions that facilitated the transaction, including identifying and hiring a freight forwarding company to ship the laser system from the United States to a general trading company in Dubai, UAE, and instructing the forwarder to list the UAE general trading company as the consignee while aware no later than September 18, 2014, that the item actually was intended for supply, transshipment or reexport to Iran. After being paid by the Iranian purchaser, Zafari ensured that the U.S. forwarder was paid and provided the UAE general trading company with shipping documentation that enabled the delivery of the item in Dubai, so that it could be transshipped or reexported to its ultimate destination in Iran. Zafari also suggested to the Iranian purchaser that he create a revised bill of lading after delivery in Dubai, to facilitate the transshipment through or reexport from the UAE to Iran.

In so doing, Zafari violated Section 764.2(b) of the Regulations.

³ EAR99 is a designation for items subject to the Regulations but not listed on the Commerce Control List. 15 C.F.R. §§ 734.3(c).

⁴ 31 C.F.R. Part 560 (2014).

WHEREAS, BIS and Zafari have entered into a Settlement Agreement pursuant to Section 766.18(a) of the Regulations, whereby they agreed to settle this matter in accordance with the terms and conditions set forth therein; and

WHEREAS, I have approved of the terms of such Settlement Agreement;

IT IS THEREFORE ORDERED:

FIRST, Zafari shall be assessed a civil penalty in the amount of \$52,500. The payment of \$7,500 shall be made to the U.S. Department of Commerce within 60 days of the date of the Order. Payment of the remaining \$45,000 shall be suspended for a period of two years from the date of the Order, and thereafter shall be waived, provided that during this two-year payment probationary period under the Order, Zafari has committed no violation of the Act, or any regulation, order, license or authorization issued thereunder and has made full and timely payment of \$7,500 as set forth above.

SECOND, that, pursuant to the Debt Collection Act of 1982, as amended (31 U.S.C. §§ 3701-3720E (2000)), the civil penalty owed under this Order accrues interest as more fully described in the attached Notice, and if payment is not made by the due date specified herein, Zafari will be assessed, in addition to the full amount of the civil penalty and interest, a penalty charge and an administrative charge, as more fully described in the attached Notice.

THIRD, that for a period of Two (2) years from the date of this Order, Zafari, with a last known address of 441 Apple Hill Dr., Brentwood, CA 94513, and when acting for or on his behalf, his successors, assigns, representatives, agents, or employees (hereinafter collectively referred to as "Denied Person"), may not, directly or indirectly, participate in any way in any transaction involving any commodity, software or

technology (hereinafter collectively referred to as “item”) exported or to be exported from the United States that is subject to the Regulations, or in any other activity subject to the Regulations, including, but not limited to:

- A. Applying for, obtaining, or using any license, License Exception, or export control document;
- B. Carrying on negotiations concerning, or ordering, buying, receiving, using, selling, delivering, storing, disposing of, forwarding, transporting, financing, or otherwise servicing in any way, any transaction involving any item exported or to be exported from the United States that is subject to the Regulations, or in any other activity subject to the Regulations; or
- C. Benefitting in any way from any transaction involving any item exported or to be exported from the United States that is subject to the Regulations, or in any other activity subject to the Regulations.

FOURTH, that no person may, directly or indirectly, do any of the following:

- A. Export or reexport to or on behalf of the Denied Person any item subject to the Regulations;
- B. Take any action that facilitates the acquisition or attempted acquisition by the Denied Person of the ownership, possession, or control of any item subject to the Regulations that has been or will be exported from the United States, including financing or other support activities related to a transaction whereby the Denied Person acquires or attempts to acquire such ownership, possession or control;

- C. Take any action to acquire from or to facilitate the acquisition or attempted acquisition from the Denied Person of any item subject to the Regulations that has been exported from the United States;
- D. Obtain from the Denied Person in the United States any item subject to the Regulations with knowledge or reason to know that the item will be, or is intended to be, exported from the United States; or
- E. Engage in any transaction to service any item subject to the Regulations that has been or will be exported from the United States and which is owned, possessed or controlled by the Denied Person, or service any item, of whatever origin, that is owned, possessed or controlled by the Denied Person if such service involves the use of any item subject to the Regulations that has been or will be exported from the United States. For purposes of this paragraph, servicing means installation, maintenance, repair, modification or testing.

FIFTH, that, after notice and opportunity for comment as provided in Section 766.23 of the Regulations, any person, firm, corporation, or business organization related to the Denied Person by affiliation, ownership, control, or position of responsibility in the conduct of trade or related services may also be made subject to the provisions of the Order.

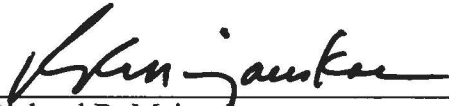
SIXTH, that, as authorized by Section 766.18(c) of the Regulations, the two-year denial period set forth above shall be suspended during a probationary period of two years under the Order, and shall thereafter be waived, provided that Zafari has made full and timely payment as set forth above, and has committed no other violation of the Act or the Regulations or any order, license or authorization issued thereunder. If Zafari does

not make full and timely payment as set forth above, or commits another violation of the Act or the Regulations or any order, license or authorization issued thereunder, during the two-year probationary period under the Order, the suspension may be modified or revoked by BIS and a denial order including a two-year denial period activated against Zafari.

SEVENTH, Zafari shall not take any action or make or permit to be made any public statement, directly or indirectly, denying the allegations in the Proposed Charging Letter or the Order. The foregoing does not affect Zafari's testimonial obligations in any proceeding, nor does it affect its right to take legal or factual positions in civil litigation or other civil proceedings in which the U.S. Department of Commerce is not a party.

EIGHTH, that the Proposed Charging Letter, the Settlement Agreement, and this Order shall be made available to the public.

This Order, which constitutes the final agency action in this matter, is effective immediately.


Richard R. Majauskas
Acting Assistant Secretary of Commerce
for Export Enforcement

Issued this 28th day of June, 2017.

UNITED STATES DEPARTMENT OF COMMERCE
BUREAU OF INDUSTRY AND SECURITY
WASHINGTON, D.C. 20230

In the Matter of:

Hassan Zafari
a/k/a Sam Zafari
441 Apple Hill Dr.
Brentwood, CA 94513

Respondent

SETTLEMENT AGREEMENT

This Settlement Agreement (“Agreement”) is made by and between Hassan Zafari, a/k/a Sam Zafari, of Brentwood, California (“Zafari”), and the Bureau of Industry and Security, U.S. Department of Commerce (“BIS”) (collectively, the “Parties”), pursuant to Section 766.18(a) of the Export Administration Regulations (the “Regulations”),¹ issued pursuant to the Export Administration Act of 1979, as amended (the “Act”).²

WHEREAS, BIS has notified Zafari of its intentions to initiate an administrative proceeding against Zafari, pursuant to the Act and the Regulations;

¹ The Regulations are currently codified in the Code of Federal Regulations at 15 C.F.R. Parts 730-774 (2017). The charged violation occurred in 2014. The Regulations governing the violation at issue are found in the 2014 version of the Code of Federal Regulations (15 C.F.R. Parts 730-774). The 2017 Regulations set forth the procedures that apply to this matter.

² 50 U.S.C. §§ 4601-4623 (Supp. III 2015). Since August 21, 2001, the Act has been in lapse and the President, through Executive Order 13,222 of August 17, 2001 (3 C.F.R., 2001 Comp. 783 (2002)), which has been extended by successive Presidential Notices, the most recent being that of August 4, 2016 (81 Fed. Reg. 52,587 (Aug. 8, 2016)), has continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C. § 1701, et seq.) (2012).

WHEREAS, BIS has issued a Proposed Charging Letter to Zafari that alleges that Zafari committed one violation of the Regulations, specifically:

Charge 1 15 C.F.R. § 764.2(b) – Causing, Aiding, or Abetting an Unauthorized Export to Iran

In or about September and October 2014, Hassan Zafari, a.k.a. Sam Zafari (“Zafari”), caused, aided, or abetted a violation of the Regulations. Specifically, Zafari caused, aided or abetted the export from the United States to Iran, via the United Arab Emirates (“UAE”), of a used industrial laser system subject to the Regulations and valued at approximately \$12,000, without the required U.S. Government authorization.

The laser system is subject to the Regulations and is designated EAR99.³ It also is subject to the Iranian Transactions and Sanctions Regulations (“ITSR”),⁴ which are administered by the U.S. Department of the Treasury’s Office of Foreign Assets Control (“OFAC”). Pursuant to Section 746.7 of the Regulations, no person may export or reexport an EAR99 item that also is subject to the ITSR without prior authorization from OFAC. *See* 15 C.F.R. § 746.7(e) (2014). Without such prior authorization, Section 560.204 of the ITSR prohibits the exportation, reexportation, sale or supply, directly or indirectly, from the United States of any goods to Iran, including the exportation, reexportation, sale or supply of items from the United States to a third country undertaken with knowledge or reason to know that the items were intended for supply, transshipment, or reexportation, directly or indirectly, to Iran. *See* 31 C.F.R. § 560.204 (2014). No authorization was sought or obtained from OFAC for the export in this transaction.

Zafari was aware at all times pertinent hereto, as he admitted to BIS special agents during an interview on or about November 23, 2015, that U.S. law prohibited exports to Iran and that items could not ship through third countries to a final destination that was an embargoed destination. Nonetheless, Zafari took several actions that facilitated the transaction, including identifying and hiring a freight forwarding company to ship the laser system from the United States to a general trading company in Dubai, UAE, and instructing the forwarder to list the UAE general trading company as the consignee while aware no later than September 18, 2014, that the item actually was intended for supply, transshipment or reexport to Iran. After being paid by the Iranian purchaser, Zafari ensured that the U.S. forwarder was paid and provided the UAE general trading company with shipping documentation that enabled the delivery of the item in Dubai, so that it could be transshipped or reexported to its ultimate destination in Iran. Zafari also

³ EAR99 is a designation for items subject to the Regulations but not listed on the Commerce Control List. 15 C.F.R. §§ 734.3(c).

⁴ 31 C.F.R. Part 560 (2014).

suggested to the Iranian purchaser that he create a revised bill of lading after delivery in Dubai, to facilitate the transshipment through or reexport from the UAE to Iran.

In so doing, Zafari violated Section 764.2(b) of the Regulations.

WHEREAS, Zafari has reviewed the Proposed Charging Letter and is aware of the allegations made against him and the administrative sanctions that could be imposed against him if the allegations are found to be true;

WHEREAS, Zafari fully understands the terms of this Agreement and the Order (“Order”) that the Assistant Secretary of Commerce for Export Enforcement will issue if he approves this Agreement as the final resolution of this matter;

WHEREAS, Zafari enters into this Agreement voluntarily and with full knowledge of his rights, after having consulted with counsel;

WHEREAS, Zafari states that no promises or representations have been made to him other than the agreements and considerations herein expressed;

WHEREAS, Zafari neither admits nor denies the allegations contained in the Proposed Charging Letter; and

WHEREAS, Zafari agrees to be bound by the Order, if issued;

NOW THEREFORE, the Parties hereby agree, for purposes of this Settlement Agreement, as follows:

1. BIS has jurisdiction over Zafari, under the Regulations, in connection with the matters alleged in the Proposed Charging Letter.

2. The following sanctions shall be imposed against Zafari in complete settlement of the alleged violation of the Regulations relating to the transaction specifically detailed in the Proposed Charging Letter:

- a. Zafari shall be assessed a civil penalty in the amount of \$52,500.

The payment of \$7,500 shall be made to the U.S. Department of Commerce within 60 days of the date of the Order. Payment shall be made in the manner specified in the attached instructions. Payment of the remaining \$45,000 shall be suspended for a period of two years from the date of the Order, and thereafter shall be waived, provided that during this two-year payment probationary period under the Order, Zafari has committed no violation of the Act, or any regulation, order, license or authorization issued thereunder and has made full and timely payment of \$7,500 as set forth above.

b. The full and timely payment of the civil penalty agreed to in Paragraph 2.a, is hereby made condition to the granting, restoration, or continuing validity of any export license, license exception, permission, or privilege granted, or to be granted, to Zafari.

c. For a period of two (2) years from the date of the Order, Zafari, with a last known address of 441 Apple Hill Dr., Brentwood, CA 94513, and when acting for or on his behalf, his successors, assigns, representatives, agents, or employees (hereinafter collectively referred to as "Denied Person"), may not, directly or indirectly, participate in any way in any transaction involving any commodity, software or technology (hereinafter collectively referred to as "item") exported or to be exported from the United States that is subject to the Regulations, or in any other activity subject to the Regulations, including, but not limited to:

- i. Applying for, obtaining, or using any license, License Exception, or export control document;
- ii. Carrying on negotiations concerning, or ordering, buying, receiving, using, selling, delivering, storing, disposing of, forwarding, transporting, financing, or otherwise servicing in any way, any transaction involving any item exported or to be exported from the United States that is subject to the Regulations, or in any other activity subject to the Regulations; or
- iii. Benefitting in any way from any transaction involving any item exported or to be exported from the United States that is subject to the Regulations, or in any other activity subject to the Regulations.
- d. BIS agrees that, as authorized by Section 766.18(c) of the Regulations, the two-year denial period set forth in Paragraph 2.c shall be suspended during a probationary period of two years under the Order, and shall thereafter be waived, provided that Zafari has made full and timely payment in accordance with Paragraph 2.a above and has committed no other violation of the Act or the Regulations or any order, license or authorization issued thereunder. If Zafari does not make full and timely payment in accordance with Paragraph 2.a above or commits another violation of the Act or the Regulations or any order, license or authorization issued thereunder, during the two-year probationary period under the Order, the suspension may be modified or revoked by BIS and a denial order including a two-year denial period activated against Zafari.

3. Subject to the approval of this Agreement pursuant to Paragraph 8 hereof, Zafari hereby waives all rights to further procedural steps in this matter (except with respect to any alleged violations of this Agreement or the Order, if issued), including, without limitation, any right to: (a) an administrative hearing regarding the allegations in any charging letter; (b) request a refund of any civil penalty paid pursuant to this Agreement and the Order, if issued; and (c) seek judicial review or otherwise contest the validity of this Agreement or the Order, if issued. Zafari also waives and will not assert any Statute of Limitations defense, and the Statute of Limitations will be tolled, in connection with any violation of the Act or the Regulations arising out of the transactions identified in the Proposed Charging Letter or in connection with collection of the civil penalty or enforcement of this Agreement and the Order, if issued, from the date of the Order until Zafari pays in full the civil penalty agreed to in Paragraph 2.a of this Agreement.

4. Zafari shall not take any action or make or permit to be made any public statement, directly or indirectly, denying the allegations in the Proposed Charging Letter or the Order. The foregoing does not affect Zafari's testimonial obligations in any proceeding, nor does it affect his right to take legal or factual positions in civil litigation or other civil proceedings in which the U.S. Department of Commerce is not a party.

5. BIS agrees that upon full and timely payment of the civil penalty as set forth in Paragraph 2.a, BIS will not initiate any further administrative proceeding against Zafari in connection with any violation of the Act or the Regulations arising out of the transactions specifically detailed in the Proposed Charging Letter.

6. This Agreement is for settlement purposes only. Therefore, if this Agreement is not accepted and the Order is not issued by the Assistant Secretary of Commerce for Export Enforcement pursuant to Section 766.18(a) of the Regulations, no Party may use this Agreement in any administrative or judicial proceeding and the Parties shall not be bound by the terms contained in this Agreement in any subsequent administrative or judicial proceeding.

7. No agreement, understanding, representation or interpretation not contained in this Agreement may be used to vary or otherwise affect the terms of this Agreement or the Order, if issued; nor shall this Agreement serve to bind, constrain, or otherwise limit any action by any other agency or department of the U.S. Government with respect to the facts and circumstances addressed herein.

8. This Agreement shall become binding on the Parties only if the Assistant Secretary of Commerce for Export Enforcement approves it by issuing the Order, which will have the same force and effect as a decision and order issued after a full administrative hearing on the record.

9. BIS will make the Proposed Charging Letter, this Agreement, and the Order, if issued, available to the public.

10. Each signatory affirms that he has authority to enter into this Settlement Agreement and to bind his respective party to the terms and conditions set forth herein.

BUREAU OF INDUSTRY AND
SECURITY
U.S. DEPARTMENT OF COMMERCE



Douglas R. Hassebrock
Director of Export Enforcement

HASSAN ZAFARI



Respondent

Date: 6/27/17

Date: 6-20-2017

Reviewed and approved by:

N/A
Counsel for Hassan Zafari

Date: _____

PROPOSED CHARGING LETTER

CERTIFIED MAIL- RETURN RECEIPT REQUESTED

Hassan Zafari
a.k.a. Sam Zafari
441 Apple Hill Dr.
Brentwood, CA 94513

Dear Mr. Zafari,

The Bureau of Industry and Security, U.S. Department of Commerce (“BIS”), has reason to believe that you, Hassan Zafari, a.k.a. Sam Zafari, of Brentwood, California, have violated the Export Administration Regulations (“EAR” or “Regulations”),¹ which issued under the authority of the Export Administration Act of 1979, as amended (“Act”).² Specifically, BIS charges that you committed the following violation:

Charge 1 15 C.F.R. § 764.2(b) – Causing, Aiding, or Abetting an Unauthorized Export to Iran

In or about September and October 2014, Hassan Zafari, a.k.a. Sam Zafari (“Zafari”), caused, aided, or abetted a violation of the Regulations. Specifically, Zafari caused, aided or abetted the export from the United States to Iran, via the United Arab Emirates (“UAE”), of a used industrial laser system subject to the Regulations and valued at approximately \$12,000, without the required U.S. Government authorization.

The laser system is subject to the Regulations and is designated EAR99.³ It also is subject to the Iranian Transactions and Sanctions Regulations (“ITSR”),⁴ which are administered by the U.S. Department of the Treasury’s Office of Foreign Assets Control (“OFAC”). Pursuant to Section 746.7 of the Regulations, no person may export or reexport an EAR99 item that also is subject to the ITSR without prior authorization from

¹ The Regulations are currently codified in the Code of Federal Regulations at 15 C.F.R. Parts 730-774 (2017). The violation alleged occurred in 2014. The Regulations governing the violation at issue are found in the 2014 version of the Code of Federal Regulations, 15 C.F.R. Parts 730-774 (2014). The 2017 Regulations currently govern the procedural aspects of this case.

² 50 U.S.C. §§ 4601-4623 (Supp. III 2015). Since August 21, 2001, the Act has been in lapse and the President, through Executive Order 13222 of August 17, 2001 (3 C.F.R., 2001 Comp. 783 (2002)), which has been extended by successive Presidential Notices, the most recent being that of August 4, 2016 (81 Fed. Reg. 52,587 (Aug. 8, 2016)), has continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C. § 1701, *et seq.*) (2012).

³ EAR99 is a designation for items subject to the Regulations but not listed on the Commerce Control List. 15 C.F.R. §§ 734.3(c).

⁴ 31 C.F.R. Part 560 (2014).

OFAC. *See* 15 C.F.R. § 746.7(e) (2014). Without such prior authorization, Section 560.204 of the ITSR prohibits the exportation, reexportation, sale or supply, directly or indirectly, from the United States of any goods to Iran, including the exportation, reexportation, sale or supply of items from the United States to a third country undertaken with knowledge or reason to know that the items were intended for supply, transshipment, or reexportation, directly or indirectly, to Iran. *See* 31 C.F.R. § 560.204 (2014). No authorization was sought or obtained from OFAC for the export in this transaction.

Zafari was aware at all times pertinent hereto, as he admitted to BIS special agents during an interview on or about November 23, 2015, that U.S. law prohibited exports to Iran and that items could not ship through third countries to a final destination that was an embargoed destination. Nonetheless, Zafari took several actions that facilitated the transaction, including identifying and hiring a freight forwarding company to ship the laser system from the United States to a general trading company in Dubai, UAE, and instructing the forwarder to list the UAE general trading company as the consignee while aware no later than September 18, 2014, that the item actually was intended for supply, transshipment or reexport to Iran. After being paid by the Iranian purchaser, Zafari ensured that the U.S. forwarder was paid and provided the UAE general trading company with shipping documentation that enabled the delivery of the item in Dubai, so that it could be transshipped or reexported to its ultimate destination in Iran. Zafari also suggested to the Iranian purchaser that he create a revised bill of lading after delivery in Dubai, to facilitate the transshipment through or reexport from the UAE to Iran.

In so doing, Zafari violated Section 764.2(b) of the Regulations.

* * * * *

Accordingly, Zafari is hereby notified that an administrative proceeding is instituted against him pursuant to Section 13(c) of the Act and Part 766 of the Regulations for the purpose of obtaining an order imposing administrative sanctions including, but not limited to, any or all of the following:

- The maximum civil penalty allowed by law of up to the greater of \$289,238 per violation⁵ or twice the value of the transaction that is the basis of the violation;⁶
- Denial of export privileges;

⁵ *See* 15 C.F.R. § 6.4(b)(4). This amount is subject to annual increases pursuant to the Federal Civil Penalties Inflation Adjustment Act Improvements Act of 2015, Sec. 701 of Public Law 114-74, enacted on November 2, 2015.

⁶ *See* International Emergency Economic Powers Enhancement Act of 2007, Pub. L. No. 110-96, 121 Stat. 1011 (2007).

- Exclusion from practice before BIS; and/or
- Any other liability, sanction, or penalty available under law.

If Zafari fails to answer the charges contained in this letter within 30 days after being served with notice of issuance of this letter, that failure will be treated as a default. *See* 15 C.F.R. §§ 766.6 and 766.7. If Zafari defaults, the Administrative Law Judge may find the charges alleged in this letter are true without a hearing or further notice to Zafari. The Under Secretary of Commerce for Industry and Security may then impose up to the maximum penalty for the charges in this letter.

Zafari is further notified that he is entitled to an agency hearing on the record if he files a written demand for one with his answer. *See* 15 C.F.R. § 766.6. Zafari is also entitled to be represented by counsel or other authorized representative who has power of attorney to represent him. *See* 15 C.F.R. §§ 766.3(a) and 766.4.

The Regulations provide for settlement without a hearing. *See* 15 C.F.R. § 766.18. Should Zafari have a proposal to settle this case, Zafari should transmit it to the attorney representing BIS named below.

Zafari is further notified that under the Small Business Regulatory Enforcement Flexibility Act, Zafari may be eligible for assistance from the Office of the National Ombudsman of the Small Business Administration in this matter. To determine eligibility and get more information, please see: <http://www.sba.gov/ombudsman/>.

The U.S. Coast Guard is providing administrative law judge services in connection with the matters set forth in this letter. Accordingly, Zafari's answer must be filed in accordance with the instructions in Section 766.5(a) of the Regulations with:

U.S. Coast Guard ALJ Docketing Center
40 S. Gay Street
Baltimore, Maryland 21202-4022

In addition, a copy of Zafari's answer must be served on BIS at the following address:

Chief Counsel for Industry and Security
Attention: Charles Wall
Room H-3839
14th Street and Constitution Avenue, N.W.
Washington, D.C. 20230

Hassan Zafari
Proposed Charging Letter
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Charles Wall is the attorney representing BIS in this case; any communications that Zafari may wish to have concerning this matter should occur through him. Mr. Wall may be contacted by telephone at (202) 482-1232.

Sincerely,

Douglas R. Hassebrock
Director
Office of Export Enforcement